

9-7-05



**United States Department of Agriculture
Rural Development**
Pennsylvania State Office
www.rurdev.usda.gov/pa

September 2, 2005

Mr. Larry L. Miller
Miller Law Offices, P.C.
1423 State Road
Duncannon, Pennsylvania 17020

Dear Mr. Miller:

This will respond to your request, dated August 25, 2005, under the Freedom of Information Act for information on the Frenchcreek Township that has been funded by USDA Rural Development. Your letter requests all documents reflecting the federal funding of the project, the surety requirements, and all applicable regulations regarding the bonding requirements for the job. A subsequent phone call from Ervin Myers of our Meadville Office clarified the items that you were requesting.

In response to your request, we are enclosing the following documents:

- Our original Letter of Conditions dated August 1, 2002, for a loan of \$1,550,000 and a grant of \$1,456,300.
- Our second Letter of Conditions dated March 14, 2005, for a subsequent loan of \$730,800 and a grant of \$597,900.
- Form RD-1940-1, Request for Obligation of Funds showing the approval of the loan of \$1,550,000 and a grant of \$1,456,300 on August 6, 2002.
- Form RD-1940-1, Request for Obligation of Funds showing the approval of the loan of \$730,800 and a grant of \$579,900 on March 18, 2005.
- Selected pages of RUS Bulletin 1780-13, Agreement (Contract), and Attachments that relate to Bonding requirements.

Surety Companies executing Bonds for RUS projects must appear on the Treasury Departments Circular 570, which you can access online at <http://www.fms.treas.gov/c570/index.html>. This Circular is not a USDA regulation, but it contains information that we rely on in reviewing bonds.

One Credit Union Place, Suite 330, Harrisburg, PA 17110-2996
(717) 237-2299 (717) 237-2261 (for hearing impaired)

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

We believe this information responds to your request. If you believe you need anything further, please call me at (717) 237-2281.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Rothrock", with a long horizontal flourish extending to the right.

Gary A. Rothrock
Community Programs Director



Rural Development
Mission Area
Crawford Area Office

www.rurdev.usda.gov/pa

14699 N. Main Street Ext.
Meadville, PA 16335-9441
(814) 336-6155 Ext. 118 • (814) 337-0294 (fax)
TTY/TDD Only 1-800-654-5984
Voice Only 1-800-654-5988
Ervin.Myers@pameadvill.fsc.usda.gov

August 1, 2002

Frenchcreek Township
Attn: Roger Hersman, Chairman
4507 Georgetown Rd.
Franklin, PA 16323

Dear Mr. Hersman:

This letter establishes conditions that must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant, must be reported to and approved by RUS, by written amendment to this letter. Any changes not approved by RUS shall be cause for discontinuing processing of the application.

This letter does not constitute loan and/or grant approval, nor does it ensure that funds are or will be available for the project. The docket may be completed on the basis of a RUS loan not to exceed \$1,550,000.00. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not want the interest rate changed to the rate at loan closing, you should submit a written request to RUS at least 30 calendar days before loan closing.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds", within the next 30 days if you desire that further consideration be given your application.

RUS will make available a maximum grant of \$1,456,300.00 for your project. You will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace

Rural Housing
Service

Rural Business-Cooperative
Service

Rural Utilities
Service

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Requirements", and RUS Bulletin 1780-12, "Water and Waste System Grant Agreement". A copy of each is enclosed. You will be required to execute a completed form at the time of grant closing.

Within 180 days of this letter, you must meet all of the conditions set forth which can be met prior to calling for construction bids. If you have not done so, RUS reserves the right to discontinue the processing of the application.

The following items are to be reviewed by your organization, Attorney, and Engineer and in signing Form RD 1942-46, you are agreeing to complete the items as quickly as possible.

1. Organization: You must be legally organized under the applicable state statutes of Pennsylvania, which will permit you to perform this service, borrow and repay money. Evidence of organization that normally include the Articles of Incorporation, Certificate of Incorporation, By Laws, Resolution, Ordinances, Decree or State Statute organizing the Township have been provided to our Area Office. The life of the Township must extend beyond the 40-year term of the loan.

2. Rates and Terms: The loan will be repayable over a 39 year period from the date of loan closing. The current interest rate is 4.7500%.

3. Repayment Schedule: The semi-annual payment to RUS will be \$43,850.00. Interest only will be due on the first two semi-annual payments with both principal and interest due semi-annually thereafter.

You are requested to execute Form SF-5510, "Authorization Agreement for Pre-Authorized Payments" for this loan, as well as all existing loans. It will allow for your loan payment(s) to be electronically debited from your account on the day your payment(s) is due. The RUS Area Office will complete the form(s) for your signature and your financial institution signature. The forms(s) will then be returned to the RUS Area Office for execution.

4. Reserve Account: RUS does not require you to deposit a specified amount per month into a reserve account since the loan is to be guaranteed by the full faith and credit of the Township by a general obligation. However, a Reserve or a Funded Depreciation Account, should be planned for and maintained by the Township.

5. Security Requirements: A revenue bond/guaranteed variable revenue bond/GO bond will be issued by the Township as evidence of the indebtedness. The Township will pledge first lien on all revenue to be received from the facility as security for the loan.

In addition Frenchcreek Township will further secure the bond by a general obligation pledge of income from all sources including the full faith credit and taxing power of the Township as security for the loan.

6. Applicant Contribution and other funds: The \$285,000.00 to be contributed by you toward the project cost shall be deposited in the construction account on or before loan closing or the start of construction, whichever occurs first. RUS will require written evidence of the commitment of these funds. Any project cost paid prior to the required deposit time with applicant funds shall be appropriately accounted for.

7. User Verification: RUS will have to review and authenticate the number of users. Therefore, prior to advertising for bids, RUS will require a certification or other suitable evidence that there are 277 residential EDUs and 8 non-residential EDUs in the service area which will connect to the system.

8. Rates and Charges: The rate schedule will not be adopted until your engineer certifies that the rates are adequate to meet all projected expenses including the required debt service payments, reserve amount, and operation and maintenance costs. The Rate Schedule must also provide for the following: (a) approval from RUS (b) adoption at or prior to the start of construction or loan closing whichever occurs first (c) a mandatory connection ordinance be passed requiring all persons living in the service area to connect to the system.

9. Business Operations: **Prior to the closing of interim or permanent financing, whichever occurs first,** you must establish the necessary rules and regulations needed to carry out, in a business-like manner, all services to the users of the facility and obtain RUS concurrence. These policies, ordinances, resolutions, rules and regulations include, but are not limited to:

- a. Initial hook-up notices and payments of Fees
- b. Collection of delinquent accounts
- c. Establishing records, maintaining management and audit reports
- d. Facility Maintenance
- e. Operator Training

10. Professional and other Service Agreements: It will be necessary for you to enter into written contracts for all professional services such as engineering, auditor, purchase of water, treatment of waste, management, operation, and legal work. All public body type applicants will obtain the services of recognized Bond Counsel and comply with the provisions of RUS Instruction 1780, sections 1780.80 through 1780.95, (copy enclosed). All contracts are to be acceptable to and approved by RUS.

11. Prior to closing, you will be required to execute and adopt:

- a. RUS Bulletin 1780-27, Loan Resolution
- b. Form RD 400-1, Equal Opportunity Agreement
- c. Form RD 400-4, Assurance Agreement
- d. Form RD 1910-11, Applicant Certification Federal Collection Policies for consumer or commercial credit.

12. Compliance with Special Laws and Regulations: It will be necessary for you to address the comments and recommendations of The PA Intergovernmental Review of Federal Programs, the local planning commission, and RUS's environmental assessment. You will also be required to comply with all State and Local laws affecting this type project.

13. Section 504 of the Rehabilitation Amendments of 1973: You will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), to assure that no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving RUS financial assistance.

14. Accounting, Reports, and Audits:

- a. Accounting - Before loan closing or the start of construction, whichever is first, you must provide your proposed accounting and financial reporting system to RUS for approval.
- b. Reports - You will be required to submit financial information on Form RD 442-2, "Statement of Budget, Income and Equity", or a similar format along with Page 2. This will include quarterly income and expense statements. After the first year of operation RUS may waive the quarterly reporting requirement provided all loan obligations are being met. For the life of the loan an annual operating budget, an annual income and expense statement along with a verification of insurance, current rate schedule, number of users and list of officers will be required.
- c. Audits
 - (i) A borrower that expends \$300,000 or more in Federal financial assistance per fiscal year shall submit an audit performed in accordance with the requirements of OMB Circular A-133. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended.

- (ii) A borrower that expends less than \$300,000 in Federal financial assistance per fiscal year and has an outstanding RUS loan balance of \$1,000,000 or more, shall submit an audit performed in accordance with Water and Waste audit requirements (i.e., a GAGAS audit).
- (iii) A borrower that expends less than \$300,000 in Federal financial assistance per fiscal year and has an outstanding RUS loan balance of less than \$1,000,000, may, with Agency approval, submit a management report in lieu of an audit report. On an annual basis, the Agency will review the borrower's financial condition and management practices when making the determination whether to require a management report or audit report.

15. Insurance & Bonding: You must provide evidence of adequate insurance and fidelity bond coverage by loan closing or start of construction whichever occurs first. The RUS official will determine that the proposed coverage is adequate to protect the government's interest. If appropriate, the insurance coverage must include: property, liability, flood, vehicular and worker's compensation. Fidelity bond coverage is required for all persons who have access to funds. The amount of coverage must be at least the total annual debt service requirements for the RUS loan.

16. Interim Financing: You will be required to utilize commercial interim financing. This will be the amount of the RUS loan. This interim credit will be available during the construction period and will be repaid from proceeds of the RUS loan when the interim financing is fully utilized, provided all applicable conditions of this letter are met. It is understood that interim credit will not be obtained until the application, including construction bids and RUS closing instructions, are processed to the stage where the RUS loan would normally be closed.

In the event that the construction (interim financing) loan provides you with a rebate (investment income), the rebated funds will be deposited in a restricted use "Reserve Account". Upon written approval from RUS, such funds can be used for (1) cost for connecting users eligible for Section 504 assistance to the main service line, and (2) other RUS loan and grant eligible purposes.

17. Land and Rights: The Township is responsible for the acquisition of all property rights necessary for the construction, operation and maintenance of the facility. This must be accomplished before the construction bids are awarded. You must certify by providing a map bearing the signature of your engineer and officials of your organization showing that rights-of-way are contiguous. In addition, your attorney must provide a legal opinion relative to the title, rights-of-way and easements. The following Rural Development forms may be used: (copies attached)

- a. Form RD 442-20 - Rights-of-Way Easement
- b. Form RD 442-21 - Rights-of-Way Certificate -and attach the above referenced map.
- c. Form RD 442-22 - Opinion of Counsel Relative to Rights-of-Way
- d. Form RD 1927-9 - Preliminary Title Opinion
- e. Form RD 1927-10 - Final Title Opinion

18. Debarment - Suspension: The Township will comply with Executive Order 12549 regarding debarment and suspension. The enclosed Form AD-1047, "Certification Regarding Debarment, Suspension and Other Responsibility Matters - Primary Covered Transactions" will be signed by your authorized representative prior to funding approval. Also, all contractors, suppliers, engineers, architects, auditors, attorneys, etc. that will provide materials and/or service and receive payment in excess of \$25,000 will execute Form AD-1048 "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions". A copy of both forms are enclosed.

19. Planning and Performing Development: A copy of the permit issued by the Pennsylvania Department of Environmental Protection must be furnished prior to or with the submission of the Contract Documents. Contract Documents are to be submitted for RUS review and approval prior to advertising for bids. Approval by RUS will be contingent, among other things, upon the inclusion of FmHA Instruction 1942-A Guide 19 (PA Revision) along with the General Conditions, FmHA Supplemental General Conditions and attached forms, including Form RD 400-6, "Compliance Statement"; Form RD 1924-7, "Contract Change Order"; Form RD 1924-18, "Partial Payment Estimate"; Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions"; and FmHA Instruction 1940-Q, Exhibit A-1 "Certification for Contracts, Grants and Loans" Lobbying activities. The Contract Documents will also provide for:

- a. Applicable wage rate determination to be included prior to advertising for bids. If any part of the project is subject to the requirements of the Davis Bacon Act, the Federal wage rates shall apply to all contracts.
- b. Project Sign using the format provided by Rural Utilities Service, U.S.D.A.
- c. Applicable contract shall provide for:
 - (1) Listing as separate items on the bid schedule, all types of special crossings, if to be made other than by open cut.
 - (2) Payment by contractor for any Penn Dot inspection required.

- (3) The specifications shall require that the contractor will be responsible for providing all materials (including water), equipment, and labor to perform all testing specified. Specific test pressures to be met for acceptance are to be cited in the specifications.
- (4) The contractor purchasing and maintaining the insurance in at least the amounts specified in Paragraph 21 of the General Conditions of the "Contract Documents for Construction of Federally Assisted Water and Sewer Projects".

20. Prior to Advertising for bids: The transfer of the facility and authorization by the General Assembly for the transfer, must be completed prior to the advertisement for bids for construction.

21. Closing Instructions: The loan will be closed in accordance with closing instructions issued by the Office of General Counsel (OGC), our Regional Attorney. The conditions listed therein must be met by your organization. OGC closing instructions for the RUS loan must be obtained before closing the interim financing loan.

22. Trustee and Defeasance: RUS regulations do not require the use of a trustee and only where there is an existing trust indenture it will be considered. Bonds, notes and other loan documents will not contain provisions that will inhibit in any way the sale of your loan by RUS. Also, RUS loans cannot be defeased. Provisions for such action cannot be contained in the loan documents.

23. Disbursement of Project Funds: The applicant contribution shall be considered as the first funds expended. After providing for all Authorized costs, any remaining RUS project funds will be considered RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds. It will be required that you provide RUS a complete account of all funds during and at the end of construction. This will include any earned interest, revenue, or other sources of funds. In accordance with RUS Instruction 1780, section 1780.45 (f) and the approved project cost, an adjustment will be made to the RUS loan and/or grant. No project funds shall be expended without prior RUS approval.

Grant funds, upon receipt, must be deposited into an interest bearing account in accordance with 7CFR3016. Interest earned on grant funds in excess of \$100 per year will be submitted to RUS at least quarterly, as required in 7CFR3016.

24. Debt Collection Improvement Act (DCIA) of 1996: The Debt Collection Improvement Act (DCIA) of 1996 requires that all Federal payments after January 1, 1999 must be made by electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers or grantees receiving payments by EFT will have funds directly

deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower/grantee should complete Form SF-3881, Electronic Funds Transfer Payment enrollment Form, for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds. Rural Development expects funds to be deposited into institutions insured by the FDIC, FSLIC or NCUS and that accounts will be properly collateralized for amounts over \$100,000.

25. Graduation: You are reminded that if at any time after the loan is closed, it appears to the Government that you are able to refinance the amount of RUS outstanding indebtedness, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon request from RUS, you will apply for and accept a loan in sufficient amount to repay the Government.

26. Mitigating Measures: RUS has completed the environmental review of the proposed project. In order to reduce the adverse environmental impacts due to this project, the owner has agreed to adopt an ordinance to comply with the following mitigation measures:

1. The contract documents will require the contractor(s) to comply with the Soil Erosion and Sedimentation control Plan approved by the Venango County Conservation District.
2. Frenchcreek Township will adopt an ordinance to prohibit any new connections outside the project boundary. This measure is intended to protect important farmland.
3. Frenchcreek Township will adopt an ordinance to prohibit new connections for any new development within the 100-year floodplain as identified by the most recent FIRM Map. No fill will be placed in the floodplain. The contract documents will require manhole structures (if any) to be flood protected.
4. Frenchcreek Township will adopt an ordinance to obtain an Army Corps of Engineers Section 404 Permit from all applicants prior to approving requests for connection of structures that could impact or are in close proximity to wetlands. This is intended to ensure that appropriate wetlands protection occurs. No fill will be placed in wetlands.
5. Frenchcreek Township will comply with Joint Permit/General Permit #5 issued by DEP, permitting construction of utility lines in a stream.
6. Frenchcreek Township agrees to the recommended measures in the USFWS letter of February 4, 2000 as follows:
 - A. Erosion and sedimentation controls should be implemented to prevent sediment from entering streams and wetlands within and outside the work area.
 - B. All excavated material should be placed in a predetermined upland site and precluded from entering streams and wetlands. Site location to be discussed

and agreed upon by Venango County Conservation District, Frenchcreek Township and USDA/RUS.

- C. If wetlands and streams are affected, they should be restored to pre-construction elevations. Contours and hydrology.
- D. Topsoil removed from wetlands during trenching should be stockpiled and re-deposited in the top 6 to 12 inches of the trench.
- E. A compensatory mitigation plan for wetland impacts greater than 0.05 acre will be required to be developed by Frenchcreek Township and accepted by the USFWS.
- F. Turbidity controls in the form of silt curtains or similar cloth material, or straw bales, should be installed downstream from any sewer line stream crossing and should remain in place during all excavation and restoration operations.
- G. All back filling operations should be performed in a manner that minimizes turbidity; such as silt screening or curtains.
- H. All erosion and sediment control measures should be in place before any grading or installation of proposed structures or utilities. They should remain in place until construction is completed and the area is stabilized.

Sincerely,

ERVIN B. MYERS
Rural Development Specialist

EBM/dw

Attachments

cc: State Director
Engineer
Local Attorney
Bond Counsel

FRCKLOC



United States Department of Agriculture
Rural Development
Crawford Local Office
www.rurdev.usda.gov/pa

March 14, 2005

Frenchcreek Township
4507 Georgetown Road
Franklin, PA 16323

Dear Supervisors:

This letter supplements and supercedes, to the extent of conflicting requirements, the Letter of Conditions issued to you on August 1, 2002. The conditions of this letter must be understood and agreed to by you before further consideration can be given to your project.

The State and Area staff of USDA, Rural Development will administer the \$730,800.00 loan and the \$597,900.00 grant on behalf of the Rural Utilities Service (RUS). You must report any changes in project cost, source of funds, scope of services, or any other significant changes in the project to USDA, Rural Development for review and approval.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your project. The requirements which must be fully understood and complied with are as follows:

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

- a. RUS Instruction 1780
- b. RUS Bulletin 1780-13, "Agreement Between Owner and Contractor"
- c. RUS Bulletin 1780-21, "Consent for Parity for Applicants Whose Loans Were Sold in the Community Programs Loan Trust 1987-A"
- d. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
- e. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
- f. RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

14699 North Main St. Ext. Meadville, PA. 16335-9441 • TDD 1-800-855-1555 or 7-1-1

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1. **Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

| <u>Project Costs:</u> | <u>Total Budgeted:</u> |
|------------------------------|-------------------------------|
| Construction | \$ 3,988,830.00 |
| Legal Fees | \$ 61,000.00 |
| Engineering Fees | \$ 365,150.00 |
| Interest | \$ 45,000.00 |
| Project Contingency | \$ 109,020.00 |
| Equipment | \$ 10,000.00 |
| Land and Rights | \$ 11,000.00 |
| Initial O & M | \$ 30,000.00 |
| TOTALS | \$ 4,620,000.00 |

2. **Project Funds** - The project funding is planned in the form of a [loan and grant] from the following sources and amounts:

| <u>Project Funding Source:</u> | <u>Funding Amount:</u> |
|---|-------------------------------|
| Applicant Contributions | \$ 285,000.00 |
| RD Loan | \$ 1,550,000.00 |
| RD Grant | \$ 1,456,300.00 |
| RD Loan Phase II | \$ 730,800.00 |
| RD Grant Phase II | \$ 597,900.00 |
| Total Project Funding (All Sources): | \$ 4,620,000.00 |

Any changes in funding sources following obligation of RD funds must be reported to the processing official. You must assure that all project funds are expended only for the eligible items included in the project budget of this letter of conditions or as amended by RD in writing at a later date.

3. **Security** - (Revenue Bonds - Public Body) The loan must be secured by a guaranteed revenue bond, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond resolution. In addition, Frenchcreek Township will further secure the bond by a general obligation pledge of income from all sources including the full faith, credit and taxing power of the Township as security for the loan.

The services of a recognized bond counsel are required. The bond counsel will prepare the form of closing documents to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

RUS regulations do not require the use of a trustee and only where there is an existing trust indenture will one be considered. Bonds, notes and other loan documents will not contain provisions that will inhibit in any way the sale of your loan by RUS. Also, RUS loans cannot be defeased. Provisions for such action cannot be contained in the loan documents.

4. **Loan Repayment** – The loan will be scheduled for repayment over a period of 40 years. The payments due the first year will consist of interest only. Payments for the remaining 39 years will be equal amortized semi-annual installments. For planning purposes use a 4.5% interest rate and a semi-annual amortization factor of .02732, which provides for an semi-annual payment of \$19,966.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due date will be established as the day that the loan closes. Interest only payments during the 12 month deferral period will be advanced to you from the RD loan project funds on a semi-annual basis.

You will be required to complete RD 3550-28, Authorization Agreement for Preauthorized Payments, if you participate for all new and existing indebtedness to RD. It will allow for your payment to be electronically debited from your account on the day your payment is due.

5. **Operation and Maintenance Expenses** – O&M expenses must be properly budgeted to determine the financial viability of any operation. For planning purposes, we have projected O&M expenses at \$409.82 per year per EDU based on the information that you provided which should be representative of a typical year. This information is utilized to determine loan repayment and is reflected in the operating budget. It is expected that O&M will change over each successive year and user rates will need to be adjusted for this need.

All other conditions in our letter of August 1, 2002 remain in force.

If you have any questions, feel free to call to give me a call at 814-336-6155, ext. 118; or you may e-mail me at: Ervin.Myers@pa.usda.gov.

Sincerely yours,

ERVIN B. MYERS
AREA SPECIALIST
USDA, Rural Development
Attachments

cc: State Director,
Attn: Community Programs Director Gary Rothrock
Attorney Raymond Woodard
Thorp Reed & Armstrong – Attn: Lisa Chiesa
Northwest Engineering, Inc. – Attn: Herman Rossi
RD State Engineer, John Williams

REQUEST FOR OBLIGATION OF FUNDS

| INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED | | | | | | | | | |
|--|--|--|--|---|-------------|---|--|--|--|
| Complete Items 1 through 30 and applicable Items 31 through 43. See FMI. | | | | | | | | | |
| 1. CASE NUMBER ST CO BORROWER ID 44 061 256011473 | | | LOAN NUMBER | | FISCAL YEAR | | | | |
| 2. BORROWER NAME Frenchcreek Township | | | 3. NUMBER NAME FIELDS 1 1, 2, or 3 from Item 2) | | | | | | |
| | | | 4. STATE NAME Pennsylvania | | | | | | |
| | | | 5. COUNTY NAME Venango | | | | | | |
| GENERAL BORROWER/LOAN INFORMATION | | | | | | | | | |
| 6. RACE/ETHNIC CLASSIFICATION 1. WHITE 4. HISPANIC 2. BLACK 5. A/PI 0 3. AVAN | | 7. TYPE OF APPLICANT 1. INDIVIDUAL 2. PARTNERSHIP 3. CORPORATION 4 | | 8. COLLATERAL CODE 1. REAL ESTATE SECURED 2. REAL ESTATE AND CHATTEL 3. NOTE ONLY OR CHATTEL ONLY 7 | | 9. EMPLOYEE RELATIONSHIP CODE 1. EMPLOYEE 2. MEMBER OF FAMILY 3. CLOSE RELATIVE 4. ASSOC 0 | | | |
| 10. SEX CODE 1. MALE 2. FEMALE 6 | | 11. MARITAL STATUS 1. MARRIED 2. SEPARATE 3. UNMARRIED (INCLUDING WIDOWED/DIVORCED) 1 | | 12. VETERAN CODE 1. YES 2. NO 2 | | 13. CREDIT REPORT 1. YES 2. NO 2 | | | |
| 14. DIRECT PAYMENT (See FMI) 3 | | 15. TYPE OF PAYMENT 1. MONTHLY 2. ANNUALLY 3. SEMI-ANNUALLY 4. QUARTERLY 3 | | 16. FEE INSPECTION 1. YES 2. NO 2 | | 17. INTEREST CREDIT 1. YES (FRO SPIT ONLY) 2. NO 2 | | | |
| 18. COMMUNITY SIZE 1. 10,000 OR LESS 2. OVER 10,000 (FOR NPM AND HPG ONLY) | | 19. DWELLING TYPE/USE OF FUNDS CODE (See FMI) | | | | | | | |
| COMPLETE FOR OBLIGATION OF FUNDS | | | | | | | | | |
| 20. TYPE OF ASSISTANCE 068 (See FMI) | | 21. PURPOSE CODE | | 22. SOURCE OF FUNDS 2 | | 23. TYPE OF ACTION 1. OBLIGATION ONLY 2. OBLIGATION/CHECK REQUEST 3. CORRECTION OF OBLIGATION 1 | | | |
| 24. TYPE OF SUBMISSION 1. INITIAL 2. SUBSEQUENT 1 | | 25. AMOUNT OF LOAN \$ 1,550,000.00 | | 26. AMOUNT OF GRANT \$ 1,456,300.00 | | | | | |
| 27. AMOUNT OF IMMEDIATE ADVANCE \$ 0.00 | | 28. DATE OF APPROVAL MO DA YR 0181-1261-1012 | | 29. INTEREST RATE 4.7500% | | 30. REPAYMENT TERMS 40 | | | |
| COMPLETE FOR SINGLE FAMILY HOUSING ONLY | | | | | | | | | |
| 31. INCOME CATEGORY CODES 1. VERY LOW 2. LOW 3. MODERATE 4. ABOVE MODERATE | | 32. LOW INCOME LIMIT-MAX. | | 33. ADJUSTED FAMILY INCOME | | | | | |
| 34. R.E. INSURANCE | | 35. R.E. TAXES 1st year | | 36. R.E. TAXES 2nd year | | 37. NOTE INSTALLMENT INELIGIBLE | | | |
| 38. TYPE OF UNIT 1. FARM TRACT 2. NON-FARM TRACT | | | | | | | | | |
| COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS | | | | | | | | | |
| 39. PROFIT TYPE 3 1. FULL PROFIT 2. LIMITED PROFIT 3. NONPROFIT | | | | | | | | | |
| 40. DISASTER DESIGNATION NUMBER (See FMI) | | 41. TYPE OF SALE 1. CREDIT SALE ONLY 2. ASSUMPTION ONLY 3. CREDIT SALE WITH SUB LOA 4. ASSUMPTION WIT SUBSEQUENT LOAN | | | | | | | |
| 42. OBLIGATION DATE MO DA YR 0181-11141-1212 | | 43. BEGINNING FARMER/RANCHER (See FMI) | | | | | | | |

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case 1 COPY 1 - Finance Office COPY 2 - Applicant's Office COPY 3 - State Office

CERTIFICATION APPROVAL

For All Farmer Programs

EM, OI, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representatives completing title work and completing loan closing.

44. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Approval of financial assistance is subject to the terms of the "Letter of Conditions" dated August 1, 2002. Funds will be used for a sewage collection/conveyance system and a capital contribution for treatment plant improvements.

45. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and requested payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For SPH & FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 29 of this form.

YES

NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more five years, or both."

Date _____, 19 _____

Frenchcreek Township

Date AUG. 1, 19 02

By: Roger E. Hersman
Roger Hersman
Chairman

46. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Date Approved: 8-6-02

Title

Byron E. Ross (Signature of Approving Official)
BYRON E. ROSS
State Director

47. TO THE APPLICANT: As of this date 8-14-02 this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the County Supervisor or District Director.

REQUEST FOR OBLIGATION OF FUNDS

| INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED | | | |
|--|--|---|--|
| Complete Items 1 through 30 and applicable Items 31 through 43. See FMI | | | |
| 1. CASE NUMBER ST CO BORROWER ID 44 061 256011473 | | LOAN NUMBER | |
| 2. BORROWER NAME Frenchcreek Township | | 3. NUMBER NAME FIELDS 1 1, 2, or 3 from Item 2) | |
| | | 4. STATE NAME Pennsylvania | |
| | | 5. COUNTY NAME 061 Venango | |
| GENERAL BORROWER/LOAN INFORMATION | | | |
| 6. RACE/ETHNIC CLASSIFICATION 1-WHITE 4-HISPANIC 2-BLACK 5-ASI 3-ANAN | | 7. TYPE OF APPLICANT 1-INDIVIDUAL 2-PARTNERSHIP 3-CORPORATION 4-PUBLIC BODY 5-ASSOC. OF FARMERS 6-ORG. OF FARM WORKERS 7-OTHER | |
| | | 8. COLLATERAL CODE 1-REAL ESTATE SECURED 2-REAL ESTATE AND CHATTEL 3-NOTE ONLY OR CHATTEL ONLY 4-MACHINERY ONLY 5-LIVESTOCK ONLY 6-CROPS ONLY 7-SECURED BY BONDS | |
| | | 9. EMPLOYEE RELATIONSHIP CODE 1-EMPLOYEE 2-MEMBER OF FAMILY 3-CLOSE RELATIVE 4-ASSOC. | |
| 10. SEX CODE 1-MALE 2-FEMALE 6 | | 11. MARITAL STATUS 1-MARRIED 3-UNMARRIED (INCLUDES WIDOWED/DIVORCED) 2-SEPARATE | |
| | | 12. VETERAN CODE 1-YES 2-NO | |
| | | 13. CREDIT REPORT 1-YES 2-NO | |
| 14. DIRECT PAYMENT 3 (See FMI) | | 15. TYPE OF PAYMENT 1-MONTHLY 3-SEMI-ANNUALLY 2-ANNUALLY 4-QUARTERLY | |
| | | 16. FEE INSPECTION 1-YES 2-NO | |
| | | 17. INTEREST CREDIT 1-YES (PRO SPK ONLY) 2-NO | |
| 18. COMMUNITY SIZE 1-10,000 OR LESS (FOR SPK AND HPG ONLY) 2-OVER 10,000 | | 19. DWELLING TYPE/USE OF FUNDS CODE (See FMI) | |
| COMPLETE FOR OBLIGATION OF FUNDS | | | |
| 20. TYPE OF ASSISTANCE 068 (See FMI) | | 21. PURPOSE CODE 0 | |
| | | 22. SOURCE OF FUNDS 2 | |
| | | 23. TYPE OF ACTION 1-OBLIGATION ONLY 2-OBLIGATION/CHECK REQUEST 3-CORRECTION OF OBLIGATION | |
| 24. TYPE OF SUBMISSION 1-INITIAL 2-SUBSEQUENT 2 | | 25. AMOUNT OF LOAN \$ 730,800.00 | |
| | | 26. AMOUNT OF GRANT \$ 597,900.00 | |
| 27. AMOUNT OF IMMEDIATE ADVANCE \$ 0.00 | | 28. DATE OF APPROVAL MO DA YR 03-18-05 | |
| | | 29. INTEREST RATE 4.5000% | |
| | | 30. REPAYMENT TERMS 39 | |
| COMPLETE FOR SINGLE FAMILY HOUSING ONLY | | | |
| 31. INCOME CATEGORY CODES 1-VERY LOW 3-MODERATE 2-LOW 4-ABOVE MODERATE | | 32. LOW INCOME LIMIT-MAX | |
| | | 33. ADJUSTED FAMILY INCOME | |
| 34. R.E.INSURANCE | | 35. R.E.TAXES 1st year | |
| | | 36. R.E. TAXES 2nd year | |
| | | 37. NOTE INSTALLMENT INELIGIBLE | |
| 38. TYPE OF UNIT 1-FARM TRACT 2-NON-FARM TRACT | | | |
| COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS | | | |
| 39. PROFIT TYPE 1-FULL PROFIT 2-LIMITED PROFIT 3-NONPROFIT | | | |
| COMPLETE FOR EM LOANS ONLY | | COMPLETE FOR CREDIT SALE-ASSUMPTION | |
| 40. DISASTER DESIGNATION NUMBER (See FMI) | | 41. TYPE OF SALE 1-CREDIT SALE ONLY 2-ASSUMPTION ONLY 3-CREDIT SALE WITH SUB LOA 4-ASSUMPTION WITH SUBSEQUENT LOAN | |
| FINANCE OFFICE USE ONLY | | COMPLETE FOR FP LOANS ONLY | |
| 42. OBLIGATION DATE MO DA YR 03-12-05 | | 43. BEGINNING FARMER/RANCHER (See FMI) | |

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please see the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case File COPY 1 - Finance Office COPY 2 - Applicant under COPY 3 - State Office

CERTIFICATION APPROVAL

For All Farmer Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representatives completing title work and completing loan closing.

44. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Approval of financial assistance is subject to the terms of the "Letter of Conditions" dated March 14, 2005. Funds will be used for a sewage collection/conveyance system and improvements to treatment plant.

45. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and requested payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For SFH & FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 29 of this form.

_____ YES _____ NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date _____

Frenchcreek Township

Date

3-14-05

By:

Roger E. Hersman
Roger Hersman
Chairman

46. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Date Approved:

3-18-05

Title

Byron E. Ross
BYRON E. ROSS (Signature of Approving Official)
State Director

47. TO THE APPLICANT: As of this date 3-28-05 BAF this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the County Supervisor or District Director.

AGREEMENT

THIS AGREEMENT, made this _____ day of _____, _____, by and between _____, hereinafter called "OWNER" (name of Owner); (an Individual) and _____ doing business as (an individual,) or (a partnership,) or (a corporation) hereinafter called "CONTRACTOR". WITNESSETH: That for and in consideration of the payments and agreements herein after mentioned:

1. The CONTRACTOR will commence and complete the construction of _____
2. The CONTRACTOR will furnish all of the materials, supplies, tools, equipment, labor, and other services necessary for the construction and completion of the PROJECT described herein.
3. The CONTRACTOR will commence the work required by the CONTRACT DOCUMENTS within _____ calendar days after the date of the NOTICE TO PROCEED and will complete the same within _____ calendar days unless the period for completion is extended otherwise by the CONTRACT DOCUMENTS.
4. The CONTRACTOR agrees to perform all of the WORK described in the CONTRACT DOCUMENTS and comply with the terms therein for the sum of \$ _____ or as shown in the BID schedule.
5. The term "CONTRACT DOCUMENTS" MEANS and includes the following:

INFORMATION FOR BIDDERS

BIDS will be received by Frenchcreek Township, (herein called the "OWNER"), at 4507 Georgetown Road, Franklin PA 16323 until 10:30 A.M. prevailing time, on January 26, 2005, and then at said office publicly opened and read aloud.

Each BID must be submitted in a sealed envelope, addressed to Frenchcreek Township at 4507 Georgetown Road, Franklin PA 16323. Each sealed envelope containing a BID must be plainly marked on the outside as BID for Contract 97134-1: Gravity Collection and Force Main No. 2 and No. 3; 97134-2: Pressure Sewer Collection and Force Main No. 1 and No. 4; Contract 97134-3: Grinder Pump Supply; Contract 97134-4: Wastewater Treatment Plant Modifications and/or Contract 97134-5: Pump Station No.'s 1, 2, 3 and 4 and the envelope should bear on the outside the BIDDER's name, address, and license number if applicable, and the name of the project for which the BID is submitted. If forwarded by mail, the sealed envelope containing the BID must be enclosed in another envelope addressed to the OWNER at Frenchcreek Township, 4507 Georgetown Road, Franklin PA 16323

All BIDS must be made on the required BID form. All blank spaces for BID prices must be filled in, in ink or typewritten, and the BID form must be fully completed and executed when submitted. Only one copy of the BID form is required.

The OWNER may waive any informalities or minor defects or reject any and all BIDS. Any BID may be withdrawn prior to the above scheduled time for the opening of BIDS or authorized postponement thereof. Any BID received after the time and date specified shall not be considered. This project may be partly financed by the United States of America, United States Department of Agriculture. The award of the Contract and the issuance of Notice to Proceed shall be contingent upon the approval of the Performance Bond, Payment Bond, Agreement and the Certificates of Insurance by the USDA.

The OWNER shall award the contract to the lowest responsible BIDDER or shall reject all BIDS within 60 days of the date of BID opening, and no BIDDER may withdraw his BID before the expiration of such 60-day period; PROVIDED, however, that if the award of contract is delayed by a required approval of another government agency (including USDA), the sale of bonds, or the award of a grant or grants, the OWNER shall reject all BIDS or award the contract to the lowest responsible BIDDER within 120 days of the date of BID opening, and no BIDDER may withdraw his BID before the expiration of such 120-day period. Thirty (30) day extensions of this date for the award of the contract may be made by the mutual written consent of the OWNER and the lowest responsible BIDDER.

BIDDERS must satisfy themselves of the accuracy of the estimated quantities in the BID Schedule by examination of the site and a review of the drawings and specifications including ADDENDA. After BIDS have been submitted, the BIDDER shall not assert that there was a misunderstanding concerning the quantities of WORK or of the nature of the WORK to be done.

The OWNER shall provide to BIDDERS prior to BIDDING, all information that is pertinent to, and delineates and describes, the land owned and rights-of-way acquired or to be acquired.

The CONTRACT DOCUMENTS contain the provisions required for the construction of the PROJECT. Information obtained from an officer, agent, or employee of the OWNER or any other person shall not affect the risks or obligations assumed by the contractor or relieve the contractor from fulfilling any of the conditions of the Contract.

Each BID must be accompanied by a BID bond payable to the OWNER for ten percent of the total amount of the BID. As soon as the BID prices have been compared, the OWNER will return the BONDS of all except the three lowest responsible BIDDERS. When the Agreement is executed these bonds also will be returned. A certified check may be used in lieu of a BID BOND.

A performance BOND and a payment BOND, each in the amount of 100 percent of the CONTRACT PRICE, with a corporate surety approved by the OWNER, will be required for the faithful performance of the contract. All bonds shall be furnished on the forms included in the Contract Documents. No other forms shall be accepted.

Attorneys-in-fact who sign BID BONDS or payment BONDS and performance BONDS must file with each BOND a certified and effective dated copy of their power-of-attorney.

The party to whom the Notice of Intent to Award is given will be required to obtain the performance BOND and payment BOND within ten (10) calendar days from the date of receipt of the NOTICE OF INTENT TO AWARD. The NOTICE OF INTENT TO AWARD shall be accompanied by the necessary BOND forms. In case of failure of the BIDDER to execute and deliver the BONDS, the OWNER may at his option consider the BIDDER in default, in which case the BID BOND accompanying the proposal shall become the property of the OWNER.

NOTICE OF INTENT TO AWARD

To: _____
(Contractor)

(Address)

Gentlemen:

It appears that you are the low bidder on Contract _____
for the construction of _____. Pursuant to the Specification
under which your Proposal was submitted you are hereby notified that the
OWNER represented by the undersigned intends to award a Contract to you
for the aforesaid work. The Contract Price is computed to be
\$_____, on the basis of the acceptance of your Proposal.

Enclosed herewith are copies of the required Performance BOND and
Payment BOND to be executed by the Contracting Party and by an approved
corporate surety, as required by the Specifications. These bonds may
bear any date on or after your receipt of this notice, and must be
accompanied by proper powers of attorney from the corporate surety,
bearing the same date as the BONDS. The BONDS shall be executed in
(number) _____ counterparts, each of which shall be deemed an
original, each with an original power of attorney, and returned to the
undersigned within ten (10) days after receipt of this letter.

The BONDS must be supplied before an award of the Contract can be made
to you.

If you fail to execute and deliver the BONDS within the time specified,
you shall forfeit to the OWNER, as liquidated damages for such failure
or refusal, the security deposited with your Proposal.

Dated this _____ day of _____, _____.

OWNER

By _____

ACCEPTANCE OF NOTICE

Receipt of the above Intent Title _____
of Award is hereby acknowledged
this the _____ day of _____

Title _____

IN WITNESS WHEREOF, this instrument is executed in _____
Number
counterparts, each of which shall be deemed an original, each with an
original power of attorney, this the _____ day of
_____ ' _____.

ATTEST:

Principal

(Principal) Secretary

(SEAL)

By _____ (s)

Witness as to Principal

(Address)

(Address)

Surety

ATTEST:

Witness to Surety

BY _____
Attorney-in-Fact

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of NOTICE OF INTENT TO
AWARD. If CONTRACTOR is partnership, all partners should execute BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury
Department's most current list (Circular 570 as amended) and be
authorized to transact business in the state where the Project is
located.

oOo

WITNESS WHEREOF, this instrument is executed in _____
Number
counterparts, each of which shall be deemed an original, each with an
original power of attorney, this the _____ day of
_____, _____.

ATTEST:

Principal

(Principal) Secretary

(SEAL)

By _____ (s)

(Address)

Witness as to Principal

(Address)

ATTEST:

Surety

Witness as to Surety

By _____
Attorney-in-Fact

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Notice of Intent to Award.

If CONTRACTOR Is partnership, all partners should execute BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the Project is located.

oOo

NOTICE OF AWARD

TO: _____

PROJECT Description: _____

The OWNER has considered the BID submitted by you for the above described WORK in response to its Advertisement for Bids dated _____, _____, and Information for Bidders.

You are hereby notified that your BID has been accepted for items in the amount of \$_____.

You are required by the Information for Bidders to execute the Agreement and furnish the required certificates of insurance within ten (10) calendar days from the date of this Notice to you.

If you fail to execute said Agreement within ten (10) days from the date of this Notice, said OWNER will be entitled to consider all your rights arising out of the OWNER's acceptance of your BID as abandoned and as a forfeiture of your BID BOND. The OWNER will be entitled to such other rights as may be granted by law.

You are required to return an acknowledged copy of this NOTICE OF AWARD to the OWNER.

Dated this _____ day of _____, _____.

Owner
By _____
Title _____

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE OF AWARD is hereby acknowledged

by _____ this
the _____ day of _____
By _____
Title _____

GENERAL CONDITIONS

- | | |
|--|--|
| 1. Definitions | 17. Subsurface Conditions |
| 2. Additional Instructions and Detail Drawings | 18. Suspension of Work, Termination, and Delay |
| 3. Schedules, Reports, and Records | 19. Payments to Contractor |
| 4. Drawings and Specifications | 20. Acceptance of Final Payment as Release |
| 5. Shop Drawings | 21. Insurance |
| 6. Materials, Services, and Facilities | 22. Contract Security |
| 7. Inspection and Testing | 23. Assignments |
| 8. Substitutions | 24. Indemnification |
| 9. Patents | 25. Separate Contracts |
| 10. Surveys, Permits, Regulations | 26. Subcontracting |
| 11. Protection of Work, Property, Persons | 27. Engineer's Authority |
| 12. Supervision by Contractor | 28. Land and Rights-of-Way |
| 13. Changes in the Work | 29. Guaranty |
| 14. Changes in Contract Price | 30. Arbitration |
| 15. Time for Completion and Liquidated Damages | 31. Taxes |
| 16. Correction of Work | 32. Environmental Requirements |

1. DEFINITIONS

1.1 Wherever used in the CONTRACT DOCUMENTS, the following terms shall have the meanings indicated which shall be applicable to both the singular and plural thereof:

1.2 ADDENDA - Written or graphic instruments issued prior to the execution of the Agreement which modify or interpret the CONTRACT DOCUMENTS, DRAWINGS and SPECIFICATIONS, by additions, deletions, clarifications, or corrections.

1.3 BID - The offer or proposal of the BIDDER submitted on the prescribed form setting forth the prices for the WORK to be performed.

1.4 BIDDER - Any person, firm, or corporation submitting a BID for the WORK.

1.5 BONDS - Bid, Performance, and Payment Bonds and other instruments of surety, furnished by the CONTRACTOR and the CONTRACTOR'S surety in accordance with the CONTRACT DOCUMENTS.

1.6 CHANGE ORDER - A written order to the CONTRACTOR authorizing an addition, deletion, or revision in the WORK within the general scope of the CONTRACT DOCUMENTS, or authorizing an adjustment in the CONTRACT PRICE or CONTRACT TIME.

1.7 CONTRACT DOCUMENTS - The contract, including Advertisement For BIDS, Information For BIDDERS, BID, BID BOND, Compliance Statement, Agreement, Payment BOND, Performance BOND, NOTICE OF INTENT TO AWARD, NOTICE OF AWARD, NOTICE TO PROCEED, CHANGE ORDER, DRAWINGS, SPECIFICATIONS, GENERAL CONDITIONS, SUPPLEMENTARY GENERAL CONDITIONS, SPECIAL CONDITIONS, and ADDENDA.

1.8 CONTRACT PRICE - The total monies payable to the CONTRACTOR under the terms and conditions of the CONTRACT DOCUMENTS.

1.9 CONTRACT TIME - The number of calendar days stated in the CONTRACT DOCUMENTS for the completion of the WORK.

1.10 CONTRACTOR - The person, firm, or corporation with whom the OWNER has executed the Agreement.

1.11 DRAWINGS - The part of the CONTRACT DOCUMENTS that show the characteristics and scope of the WORK to be performed and which have been prepared or approved by the ENGINEER.

1.12 ENGINEER - The person, firm, or corporation named as such in the CONTRACT DOCUMENTS.

1.13 FIELD ORDER - A written order effecting a change in the WORK not involving an adjustment in the CONTRACT PRICE or an extension of the CONTRACT TIME, issued by the ENGINEER to the CONTRACTOR during construction.

1.14 NOTICE OF INTENT TO AWARD - The written notice by OWNER to the apparent successful BIDDER stating that upon compliance by the apparent successful BIDDER with the conditions enumerated therein including presentation of executed Performance and Payment BONDS, within the time specified, OWNER may issue the Notice of Award.

1.15 NOTICE OF AWARD - The written notice of the acceptance of the BID from the OWNER to the successful BIDDER.

1.16 NOTICE TO PROCEED - Written communication issued by the OWNER to the CONTRACTOR authorizing him/her to proceed with the WORK and establishing the date for commencement of the WORK.

1.17 OWNER - A public or quasi-public body or authority, corporation, association, partnership, or an individual for whom the WORK is to be performed.

22. CONTRACT SECURITY

22.1 The CONTRACTOR shall within ten (10) days after the receipt of the NOTICE OF INTENT TO AWARD furnish the OWNER with a Performance BOND and a Payment BOND in penal sums equal to the amount of the CONTRACT PRICE, conditioned upon the performance by the CONTRACTOR of all undertakings, covenants, terms, conditions and agreements of the CONTRACT DOCUMENTS, and upon the prompt payment by the CONTRACTOR to all persons supplying labor and materials in the prosecution of the WORK provided by the CONTRACT DOCUMENTS. Such BONDS shall be executed by the CONTRACTOR and a corporate bonding company licensed to transact such business in the state in which the WORK is to be performed and named on the current list of "Surety Companies Acceptable on Federal Bonds" as published in the Treasury Department Circular Number 570. The expense of these BONDS shall be borne by the CONTRACTOR. If at any time a surety on any such BOND is declared a bankrupt or loses its right to do business in the state in which the WORK is to be performed or is removed from the list of Surety Companies accepted on Federal Bonds, CONTRACTOR shall within ten (10) days after notice from the OWNER to do so, substitute an acceptable BOND (or BONDS) in such form and sum and signed by such other surety or sureties as may be satisfactory to the OWNER. The premiums on such BOND shall be paid by the CONTRACTOR. No further payment shall be deemed due nor shall be made until the new surety or sureties shall have furnished an acceptable BOND to the OWNER.

23. ASSIGNMENTS

23.1 Neither the CONTRACTOR nor the OWNER shall sell, transfer, assign, or otherwise dispose of the Contract or any portion thereof, or of any right, title or interest therein, or any obligations thereunder, without written consent of the other party.

24. INDEMNIFICATION

24.1 The CONTRACTOR will indemnify and hold harmless the OWNER and the ENGINEER and their agents and employees from and against all claims, damages, losses and expenses including attorney's fees arising out of or resulting from the performance of the WORK, provided that any such claims, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting therefrom; and is caused in whole or in part by any negligent or willful act or omission of the CONTRACTOR, and SUBCONTRACTOR, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

28.2 The OWNER shall provide to the CONTRACTOR information which delineates and describes the lands owned and rights-of-way acquired.

28.3 The CONTRACTOR shall provide at its own expense and without liability to the OWNER any additional land and access thereto that the CONTRACTOR may desire for temporary construction facilities, or for storage of materials.

29. GUARANTEE

29.1 The CONTRACTOR shall guarantee all materials and equipment furnished and WORK performed for a period of one (1) year from the date of SUBSTANTIAL COMPLETION. The CONTRACTOR warrants and guarantees for a period of one (1) year from the date of SUBSTANTIAL COMPLETION of the system that the completed system is free from all defects due to faulty materials or workmanship and the CONTRACTOR shall promptly make such corrections as may be necessary by reason of such defects including the repairs of any damage to other parts of the system resulting from such defects. The OWNER will give notice of observed defects with reasonable promptness. In the event that the CONTRACTOR should fail to make such repairs, adjustments, or other WORK that may be made necessary by such defects, the OWNER may do so and charge the CONTRACTOR the cost thereby incurred. The Performance BOND shall remain in full force and effect through the guarantee period.

30. ARBITRATION BY MUTUAL AGREEMENT

30.1 All claims, disputes, and other matters in question arising out of, or relating to, the CONTRACT DOCUMENTS or the breach thereof, except for claims which have been waived by making an acceptance of final payment as provided by Section 20, may be decided by arbitration if the parties mutually agree. Any agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in any court having jurisdiction thereof.

30.2 Notice of the request for arbitration shall be filed in writing with the other party to the CONTRACT DOCUMENTS and a copy shall be filed with the ENGINEER. Request for arbitration shall in no event be made on any claim, dispute, or other matter in question which would be barred by the applicable statute of limitations. Along with the notice, details of all items to be arbitrated shall also be furnished to the other party and to the ENGINEER.

30.3 The CONTRACTOR will carry on the WORK and maintain the progress schedule during any arbitration proceedings, unless otherwise mutually agreed in writing.

RUS Supplemental General Conditions for Pennsylvania

The provisions of the Rural Utilities Service (RUS) Supplemental General Conditions as described herein change, amend, or supplement the General Conditions and shall supersede any conflicting provisions of this CONTRACT. All provisions of the General Conditions which are not changed, amended, or supplemented, remain in full force.

- | | |
|-------------------------------------|---------------------------------|
| 1. CONTRACT APPROVAL | 9. SMALL, MINORITY AND |
| 2. CONTRACT CHANGE ORDERS | WOMEN'S BUSINESSES |
| 3. PARTIAL PAYMENT ESTIMATES | 10. ANTI-KICKBACK |
| 4. CONFLICT OF INTEREST | 11. VIOLATING FACILITIES |
| 5. PROTECTION OF LIVES AND PROPERTY | 12. STATE ENERGY POLICY |
| 6. REMEDIES | 13. EQUAL OPPORTUNITY |
| 7. GRATUITIES | REQUIREMENTS |
| 8. AUDIT AND ACCESS TO RECORDS | 14-PA. PUBLIC AGENCY INSPECTION |

1. Contract Approval.

1.1 The OWNER and the CONTRACTOR will furnish the OWNER'S Attorney such evidence as required so that the OWNER'S Attorney can complete and execute "Certificate of Owner's Attorney" before the OWNER submits the executed Contract Documents to RUS for approval.

1.2 Concurrence by the State Program Official or designee in the award of the CONTRACT is required before it is effective and the "RUS Concurrence" shall be attached and made a part of the Agreement.

1.3 Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the project is located.

1.4 This CONTRACT is expected to be funded in part with funds from the RUS. Neither the United States nor any of its departments, agencies, or employees is or will be a party to this CONTRACT or any SUBCONTRACT.

2. Contract Change Orders.

2.1 All changes affecting the project's construction cost or modifications of the terms or conditions of the contract must be authorized by means of a written contract change order which is mutually agreed to by the OWNER and CONTRACTOR and is approved by RUS. The contract change order will include extra work, work for which quantities have been altered from those shown in the bidding schedule, as well as decreases or increases in the quantities of installed units which are different than those shown in the bidding schedule because of final measurements. All changes must be recorded on a contract change order before they can be included in a partial payment estimate.

2.2 FORM RD 1924-7, "Contract Change Order" or similar form approved by RUS shall be used to record CONTRACT changes.

22. CONTRACT SECURITY

22.1 The CONTRACTOR shall within ten (10) days after the receipt of the NOTICE OF AWARD furnish the OWNER with a Performance BOND and a Payment BOND in penal sums equal to the amount of the CONTRACT PRICE, conditioned upon the performance by the CONTRACTOR of all undertakings, covenants, terms, conditions and agreements of the CONTRACT DOCUMENTS, and upon the prompt payment by the CONTRACTOR to all persons supplying labor and materials in the prosecution of the WORK provided by the CONTRACT DOCUMENTS. Such BONDS shall be executed by the CONTRACTOR and a corporate bonding company licensed to transact such business in the state in which the WORK is to be performed and named on the current list of "Surety Companies Acceptable on Federal Bonds" as published in the Treasury Department Circular Number 570. The expense of these BONDS shall be borne by the CONTRACTOR. If at any time a surety on any such BOND is declared a bankrupt or loses its right to do business in the state in which the WORK is to be performed or is removed from the list of Surety Companies accepted on Federal Bonds, CONTRACTOR shall within ten (10) days after notice from the OWNER to do so, substitute an acceptable BOND (or BONDS) in such form and sum and signed by such other surety or sureties as may be satisfactory to the OWNER. The premiums on such BOND shall be paid by the CONTRACTOR. No further payment shall be deemed due nor shall be made until the new surety or sureties shall have furnished an acceptable BOND to the OWNER.

23. ASSIGNMENTS

23.1 Neither the CONTRACTOR nor the OWNER shall sell, transfer, assign, or otherwise dispose of the Contract or any portion thereof, or of any right, title or interest therein, or any obligations thereunder, without written consent of the other party.

24. INDEMNIFICATION

24.1 The CONTRACTOR will indemnify and hold harmless the OWNER and the ENGINEER and their agents and employees from and against all claims, damages, losses and expenses including attorney's fees arising out of or resulting from the performance of the WORK, provided that any such claims, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting therefrom; and is caused in whole or in part by any negligent or willful act or omission of the CONTRACTOR, and SUBCONTRACTOR, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

- (A) Advertisement For BIDS
- (B) Information For BIDDERS
- (C) BID
- (D) BID BOND
- (E) Agreement
- (F) General Conditions
- (G) SUPPLEMENTAL GENERAL CONDITIONS
- (H) Payment BOND
- (I) Performance BOND
- (J) NOTICE OF AWARD
- (K) NOTICE TO PROCEED
- (L) CHANGE ORDER
- (M) DRAWINGS prepared by _____
numbered _____ through _____, and dated _____,
- (N) SPECIFICATIONS prepared or issued by _____

dated _____, 19 _____
- (O) ADDENDA:
No. _____, dated _____, 19 _____
_____, _____, _____
_____, _____, _____
_____, _____, _____
_____, _____, _____
_____, _____, _____

The OWNER shall provide to BIDDERS prior to BIDDING, all information which is pertinent to, and delineates and describes, the land owned and rights-of-way acquired or to be acquired.

The CONTRACT DOCUMENTS contain the provisions required for the construction of the PROJECT. Information obtained from an officer, agent, or employee of the OWNER or any other person shall not affect the risks or obligations assumed by the CONTRACTOR or relieve the contractor from fulfilling any of the conditions of the contract.

Each BID must be accompanied by a BID bond payable to the OWNER for five percent of the total amount of the BID. As soon as the BID prices have been compared, the OWNER will return the BONDS of all except the three lowest responsible BIDDERS. When the Agreement is executed the bonds of the two remaining unsuccessful BIDDERS will be returned. The BID BOND of the successful BIDDER will be retained until the payment BOND and performance BOND have been executed and approved, after which it will be returned. A certified check may be used in lieu of a BID BOND.

A performance BOND and a payment BOND each in the amount of 100 percent of the CONTRACT PRICE, with a corporate surety approved by the OWNER, will be required for the faithful performance of the contract.

Attorneys-in-fact who sign BID BONDS or payment BONDS and performance BONDS must file with each BOND a certified and effective dated copy of their power of attorney.

The party to whom the contract is awarded will be required to execute the Agreement and obtain the performance BOND and payment BOND within ten (10) calendar days from the date when NOTICE OF AWARD is delivered to the BIDDER. The NOTICE OF AWARD shall be accompanied by the necessary Agreement and BOND forms. In case of failure of the BIDDER to execute the Agreement, the OWNER may consider the BIDDER in default, in which case the BID BOND accompanying the proposal shall become the Property of the OWNER.

The OWNER within ten (10) days of receipt of acceptable performance BOND, payment BOND and Agreement signed by the party to whom the Agreement was awarded shall sign the Agreement and return to such party an executed duplicate of the Agreement. Should the OWNER not execute the Agreement within such period, the BIDDER may by WRITTEN NOTICE withdraw the signed Agreement. Such notice of withdrawal shall be effective upon receipt of the notice by the OWNER.

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, _____

_____ as Principal, and
_____ as Surety, are hereby held
and firmly bound unto _____ as OWNER in the penal
sum of _____ for the payment of which,
well and truly to be made, we hereby jointly and severally bind
ourselves, successors and assigns.

Signed, this _____ day of _____,
19_____. The Condition of the above obligation is such that
whereas the Principal has submitted to _____ a certain
BID, attached hereto and hereby made a part hereof to enter into a
contract in writing, for the _____

NOW, THEREFORE,

(a) If said BID shall be rejected, or

(b) If said BID shall be accepted and the Principal shall execute and deliver a contract in the Form of Contract attachment hereto (Properly completed in accordance with said BID) and shall furnish a BOND for faithful performance of said contract, and for the payment of all persons performing labor furnishing materials in connection therewith, and shall in all other respects perform the agreement created by the acceptance of said BID, then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulates and agrees that the obligations of said Surety and its BOND shall be in no way impaired or affected by any extension of the time within which the OWNER may accept such BID; and said Surety does hereby waive notice of any such extension.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set forth above.

_____(L.S.)
Principal

Surety

By: _____

IMPORTANT - Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and authorized to transact business in the **State** where the project is located.

oOo

PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS: that

(Name of Contractor)

(Address of Contractor)

a _____, hereinafter called Principal, and
(Corporation, Partnership, or Individual)

(Name of Surety)

(Address of Surety)

hereinafter called Surety, are held and firmly bound unto

(Name of Owner)

(Address of Owner)

hereinafter called OWNER in the total aggregate penal sum
of _____

_____ Dollars (\$_____)

in lawful money of the United States, for the payment of which sum well
and truly to be made, we bind ourselves, our heirs, executors,
administrators, successors, and assigns, jointly and severally, firmly
by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal
entered into a certain contract with the OWNER, dated the
_____ day of _____, 19____, a copy of which is hereto
attached and made a part hereof for the construction of:

NOW, THEREFORE, if the Principal shall well, truly and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the OWNER with or without notice to the SURETY and during the one year guaranty period and if the PRINCIPAL shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the OWNER from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the OWNER all outlay and expense which the OWNER may incur in making good any default, then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said SURETY, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed thereunder or the SPECIFICATIONS accompanying same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that it is expressly agreed that the BOND shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Contract not increasing the contract price more than 20 percent, so as to bind the PRINCIPAL and the SURETY to the full and faithful performance of the CONTRACT as so amended. The term "Amendment", wherever used in this BOND, and whether referring to this BOND, the Contract or the Loan Documents shall include any alteration, addition, extension, or modification of any character whatsoever.

PROVIDED, FURTHER, that no final settlement between the OWNER and the PRINCIPAL shall abridge the right of the other beneficiary hereunder, whose claim may be unsatisfied. The OWNER is the only beneficiaries hereunder.

IN WITNESS WHEREOF, this instrument is executed in _____
Number
counterparts, each one of which shall be deemed an original, this the
_____ day of _____ .

ATTEST:

| | |
|-------------------------|--------------|
| _____ | _____ |
| (Principal) Secretary | Principle |
| (SEAL) | By _____ (s) |
| | _____ |
| | (Address) |
| | _____ |
| _____ | |
| Witness as to Principle | |
| _____ | |
| (Address) | |
| _____ | |

ATTEST:

| | |
|----------------------|------------------|
| _____ | _____ |
| | Surety |
| _____ | By _____ |
| Witness as to Surety | Attorney-in-Fact |
| _____ | _____ |
| (Address) | (Address) |
| _____ | _____ |

NOTE: Date of BOND must not be prior to date of Contract.

If CONTRACTOR is partnership, all partners should execute BOND.
IMPORTANT: Surety companies executing BONDS must appear on the Treasury
Department's most current list (Circular 570 as amended) and be
authorized to transact business in the state where the Project is
located.

oOo

PAYMENT BOND

KNOW ALL PERSONS BY THESE PRESENTS: that

(Name of Contractor)

(Address of Contractor)
a _____ hereinafter called PRINCIPAL and
(Corporation, Partnership or Individual)

(Name of Surety)
hereinafter called SURETY, are held and firmly bound unto _____

(Name of Owner)

(Address of Owner)

hereinafter called OWNER and unto all persons, firms, and corporations who or which may furnish labor, or who furnish materials to perform as described under the contract and to their successors and assigns in the total aggregate penal sum of _____ Dollars (\$ _____) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the PRINCIPAL entered into a certain contract with the OWNER, dated the _____ day of _____ 19____, a copy of which is hereto attached and made a part hereof for the construction of:

NOW, THEREFORE, if the PRINCIPAL shall promptly make payment to all persons, firms, and corporations furnishing materials for or performing labor in the prosecution of the WORK provided for in such contract, and any authorized extensions or modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such WORK, and for all labor cost incurred in such WORK including that by a SUBCONTRACTOR, and to any mechanic or materialman lienholder whether it acquires its lien by operation of State or Federal law; then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, that beneficiaries or claimants hereunder shall be limited to the SUBCONTRACTORS, and persons, firms, and corporations having a direct contract with the PRINCIPAL or its SUBCONTRACTORS.

PROVIDED, FURTHER, that the said SURETY for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the WORK to be performed thereunder or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of this contract or to the WORK or to the SPECIFICATIONS.

PROVIDE, FURTHER, that no suit or action shall be commenced hereunder by any claimant: (a) Unless claimant, other than one having a direct contract with the PRINCIPAL shall have given written notice to any two of the following: The PRINCIPAL, the OWNER, or the SURETY above named within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed. Such notice shall be served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the PRINCIPAL, OWNER, or SURETY, at any place where an office is regularly maintained for the transaction of business, or served in any manner in which legal process may be served in the state in which the aforesaid project is located, save that such service need not be made by a public officer. (b) After the expiration of one (1) year following the date of which PRINCIPAL ceased work on said CONTRACT, is being understood, however, that if any limitation embodied in the BOND is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

PROVIDED, FURTHER, that it is expressly agreed that this BOND shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Contract not increasing the contract price more than 20 percent, so as to bind the PRINCIPAL and the SURETY to the full and faithful performance of the Contract as so amended. The term "Amendment", wherever used in this BOND and whether referring to this BOND, the contract or the loan Documents shall include any alteration, addition, extension or modification of any character whatsoever.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

WITNESS WHEREOF, this instrument is executed in _____
Number
counterparts, each of which shall be deemed an original, this the _____
day of _____.

ATTEST:

| | |
|-------------------------|--------------|
| _____ | _____ |
| (Principal) Secretary | Principle |
| (SEAL) | By _____ (s) |
| | _____ |
| | (Address) |
| | _____ |
| _____ | |
| Witness as to Principle | |
| _____ | |
| (Address) | |
| _____ | |

ATTEST:

| | |
|----------------------|------------------|
| _____ | _____ |
| Witness as to Surety | Surety |
| _____ | By _____ |
| (Address) | Attorney-in-Fact |
| _____ | _____ |
| | (Address) |
| _____ | _____ |

NOTE: Date of BOND must not be prior to date of Contract.
If CONTRACTOR Is partnership, all partners should execute BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the Project is located.

NOTICE OF AWARD

TO: _____

PROJECT
Description: _____

The OWNER has considered the BID submitted by you for the above described WORK in response to its Advertisement for Bids dated _____, 19____, and Information for Bidders.

You are hereby notified that your BID has been accepted for items in the amount of \$_____.

You are required by the Information for Bidders to execute the Agreement and furnish the required CONTRACTOR'S Performance BOND, Payment BOND and certificates of insurance within ten (10) calendar days from the date of this Notice to you.

If you fail to execute said Agreement and to furnish said BONDS within ten (10) days from the date of this Notice, said OWNER will be entitled to consider all your rights arising out of the OWNER's acceptance of your BID as abandoned and as a forfeiture of your BID BOND. The OWNER will be entitled to such other rights as may be granted by law.

You are required to return an acknowledged copy of this NOTICE OF AWARD to the OWNER.

Dated this _____ day of _____, 19____.

Owner
By _____
Title _____

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE OF AWARD is hereby acknowledged

by _____ this
the _____ day of _____, 19____.
By _____
Title _____

NOTICE TO PROCEED

TO: _____ DATE: _____

Project: _____

You are hereby notified to commence WORK in accordance with the Agreement dated _____, 19____, on or before _____, 19____, and you are to complete the WORK within _____ consecutive calendar days thereafter. The date of completion of all WORK is therefore _____, 19____.

Owner

By _____

Title _____

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE TO PROCEED is hereby acknowledged by _____

_____,

this the _____, 19____

By _____

Title _____

Employer Identification
Number _____

oOo

GENERAL CONDITIONS

- | | |
|--|--|
| 1. Definitions | 17. Subsurface Conditions |
| 2. Additional Instructions and Detail Drawings | 18. Suspension of Work, Termination, and Delay |
| 3. Schedules, Reports, and Records | 19. Payments to Contractor |
| 4. Drawings and Specifications | 20. Acceptance of Final Payment as Release |
| 5. Shop Drawings | 21. Insurance |
| 6. Materials, Services, and Facilities | 22. Contract Security |
| 7. Inspection and Testing | 23. Assignments |
| 8. Substitutions | 24. Indemnification |
| 9. Patents | 25. Separate Contracts |
| 10. Surveys, Permits, Regulations | 26. Subcontracting |
| 11. Protection of Work, Property, Persons | 27. Engineer's Authority |
| 12. Supervision by Contractor | 28. Land and Rights-of-Way |
| 13. Changes in the Work | 29. Guaranty |
| 14. Changes in Contract Price | 30. Arbitration |
| 15. Time for Completion and Liquidated Damages | 31. Taxes |
| 16. Correction of Work | 32. Environmental Requirements |

1. DEFINITIONS

1.1 Wherever used in the CONTRACT DOCUMENTS, the following terms shall have the meanings indicated and shall be applicable to both the singular and plural thereof:

1.2 ADDENDA - Written or graphic instruments issued prior to the execution of the Agreement which modify or interpret the CONTRACT DOCUMENTS, DRAWINGS and SPECIFICATIONS, by additions, deletions, clarifications, or corrections.

1.3 BID - The offer or proposal of the BIDDER submitted on the prescribed form setting forth the prices for the WORK to be performed.

1.4 BIDDER - Any person, firm, or corporation submitting a BID for the WORK.

1.5 BONDS - Bid, Performance, and Payment Bonds and other instruments of surety, furnished by the CONTRACTOR and the CONTRACTOR'S surety in accordance with the CONTRACT DOCUMENTS.

1.6 CHANGE ORDER - A written order to the CONTRACTOR authorizing an addition, deletion, or revision in the WORK within the general scope of the CONTRACT DOCUMENTS, or authorizing an adjustment in the CONTRACT PRICE or CONTRACT TIME.

1.7 CONTRACT DOCUMENTS - The contract, including Advertisement For BIDS, Information For BIDDERS, BID, BID BOND, Agreement, Payment BOND, Performance BOND, NOTICE OF AWARD, NOTICE TO PROCEED, CHANGE ORDER, DRAWINGS, SPECIFICATIONS, and ADDENDA.

1.8 CONTRACT PRICE - The total monies payable to the CONTRACTOR under the terms and conditions of the CONTRACT DOCUMENTS.

1.9 CONTRACT TIME - The number of calendar days stated in the CONTRACT DOCUMENTS for the completion of the WORK.

1.10 CONTRACTOR - The person, firm, or corporation with whom the OWNER has executed the Agreement.

1.11 DRAWINGS - The parts of the CONTRACT DOCUMENTS which show the characteristics and scope of the WORK to be performed and which have been prepared or approved by the ENGINEER.

1.12 ENGINEER - The person, firm, or corporation named as such in the CONTRACT DOCUMENTS.

1.13 FIELD ORDER - A written order effecting a change in the WORK not involving an adjustment in the CONTRACT PRICE or an extension of the CONTRACT TIME, issued by the ENGINEER to the CONTRACTOR during construction.

1.14 NOTICE OF AWARD - The written notice of the acceptance of the BID from the OWNER to the successful BIDDER.

1.15 NOTICE TO PROCEED - Written communication issued by the OWNER to the CONTRACTOR authorizing him/her to proceed with the WORK and establishing the date for commencement of the WORK.

1.16 OWNER - A public or quasi-public body or authority, corporation, association, partnership, or an individual for whom the WORK is to be performed.

1.17 PROJECT - The undertaking to be performed as provided in the CONTRACT DOCUMENTS.

1.18 RESIDENT PROJECT REPRESENTATIVE - The authorized representative of the OWNER who is assigned to the PROJECT site or any part thereof.

19.5 Upon completion and acceptance of the WORK, the ENGINEER shall issue a certificate attached to the final payment request that the WORK has been accepted under the conditions of the CONTRACT DOCUMENTS. The entire balance found to be due the CONTRACTOR, including the retained percentages, but except such sums as may be lawfully retained by the OWNER, shall be paid to the CONTRACTOR within thirty (30) days of completion and acceptance of the WORK.

19.6 The CONTRACTOR will indemnify and save the OWNER or the OWNER'S agents harmless from all claims growing out of the lawful demand of SUBCONTRACTORS, laborers, workmen, mechanics, materialmen, and furnishers of machinery and parts thereof, equipment, tools, and all supplies, incurred in the furtherance of the performance of the WORK. The CONTRACTOR shall, at the OWNER'S request, furnish satisfactory evidence that all obligations of the nature designated above have been paid, discharged, or waived. If the CONTRACTOR fails to do so the OWNER may, after having notified the CONTRACTOR, either pay unpaid bills or withhold from the CONTRACTOR'S unpaid compensation a sum of money deemed reasonably sufficient to pay any and all such lawful claims until satisfactory evidence is furnished that all liabilities have been fully discharged whereupon payment to the CONTRACTOR shall be resumed in accordance with the terms of the CONTRACT DOCUMENTS, but in no event shall the provisions of this sentence be construed to impose any obligations upon the OWNER to either the CONTRACTOR, the CONTRACTOR'S Surety, or any third party. In paying any unpaid bills of the CONTRACTOR, any payment so made by the OWNER shall be considered as a payment made under the CONTRACT DOCUMENTS by the OWNER to the CONTRACTOR and the OWNER shall not be liable to the CONTRACTOR for any such payments made in good faith.

19.7 If the OWNER fails to make payment thirty (30) days after approval by the ENGINEER, in addition to other remedies available to the CONTRACTOR, there shall be added to each such payment interest at the maximum legal rate commencing on the first day after said payment is due and continuing until the payment is received by the CONTRACTOR.

20. ACCEPTANCE OF FINAL PAYMENT AS RELEASE

20.1 The acceptance by the CONTRACTOR of final payment shall be and shall operate as a release to the OWNER of all claims and all liability to the CONTRACTOR other than claims in stated amounts as may be specifically excepted by the CONTRACTOR for all things done or furnished in connection with this WORK and for every act and neglect of the OWNER and others relating to or arising out of this WORK. Any payment, however, final or otherwise, shall not release the CONTRACTOR or its sureties from any obligations under the CONTRACT DOCUMENTS or the Performance and Payment BONDS.

22. CONTRACT SECURITY

22.1 The CONTRACTOR shall within ten (10) days after the receipt of the NOTICE OF AWARD furnish the OWNER with a Performance BOND and a Payment BOND in penal sums equal to the amount of the CONTRACT PRICE, conditioned upon the performance by the CONTRACTOR of all undertakings, covenants, terms, conditions and agreements of the CONTRACT DOCUMENTS, and upon the prompt payment by the CONTRACTOR to all persons supplying labor and materials in the prosecution of the WORK provided by the CONTRACT DOCUMENTS. Such BONDS shall be executed by the CONTRACTOR and a corporate bonding company licensed to transact such business in the state in which the WORK is to be performed and named on the current list of "Surety Companies Acceptable on Federal Bonds" as published in the Treasury Department Circular Number 570. The expense of these BONDS shall be borne by the CONTRACTOR. If at any time a surety on any such BOND is declared a bankrupt or loses its right to do business in the state in which the WORK is to be performed or is removed from the list of Surety Companies accepted on Federal Bonds, CONTRACTOR shall within ten (10) days after notice from the OWNER to do so, substitute an acceptable BOND (or BONDS) in such form and sum and signed by such other surety or sureties as may be satisfactory to the OWNER. The premiums on such BOND shall be paid by the CONTRACTOR. No further payment shall be deemed due nor shall be made until the new surety or sureties shall have furnished an acceptable BOND to the OWNER.

23. ASSIGNMENTS

23.1 Neither the CONTRACTOR nor the OWNER shall sell, transfer, assign, or otherwise dispose of the Contract or any portion thereof, or of any right, title or interest therein, or any obligations thereunder, without written consent of the other party.

24. INDEMNIFICATION

24.1 The CONTRACTOR will indemnify and hold harmless the OWNER and the ENGINEER and their agents and employees from and against all claims, damages, losses and expenses including attorney's fees arising out of or resulting from the performance of the WORK, provided that any such claims, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting therefrom; and is caused in whole or in part by any negligent or willful act or omission of the CONTRACTOR, and SUBCONTRACTOR, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

28.2 The OWNER shall provide to the CONTRACTOR information which delineates and describes the lands owned and rights-of-way acquired.

28.3 The CONTRACTOR shall provide at its own expense and without liability to the OWNER any additional land and access thereto that the CONTRACTOR may desire for temporary construction facilities, or for storage of materials.

29. GUARANTEE

29.1 The CONTRACTOR shall guarantee all materials and equipment furnished and WORK performed for a period of one (1) year from the date of SUBSTANTIAL COMPLETION. The CONTRACTOR warrants and guarantees for a period of one (1) year from the date of SUBSTANTIAL COMPLETION of the system that the completed system is free from all defects due to faulty materials or workmanship and the CONTRACTOR shall promptly make such corrections as may be necessary by reason of such defects including the repairs of any damage to other parts of the system resulting from such defects. The OWNER will give notice of observed defects with reasonable promptness. In the event that the CONTRACTOR should fail to make such repairs, adjustments, or other WORK that may be made necessary by such defects, the OWNER may do so and charge the CONTRACTOR the cost thereby incurred. The Performance BOND shall remain in full force and effect through the guarantee period.

30. ARBITRATION BY MUTUAL AGREEMENT

30.1 All claims, disputes, and other matters in question arising out of, or relating to, the CONTRACT DOCUMENTS or the breach thereof, except for claims which have been waived by making an acceptance of final payment as provided by Section 20, may be decided by arbitration if the parties mutually agree. Any agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in any court having jurisdiction thereof.

30.2 Notice of the request for arbitration shall be filed in writing with the other party to the CONTRACT DOCUMENTS and a copy shall be filed with the ENGINEER. Request for arbitration shall in no event be made on any claim, dispute, or other matter in question which would be barred by the applicable statute of limitations.

30.3 The CONTRACTOR will carry on the WORK and maintain the progress schedule during any arbitration proceedings, unless otherwise mutually agreed in writing.